



May 8, 2015

Armand Southall  
Regulatory Specialist  
Office of Natural Resources Revenue  
P.O. Box 25165, MS 61030A  
Denver, Colorado 80225-0165

Comments on Proposed Rule on the Consolidated Federal Oil & Gas and Federal & Indian Coal Valuation Report (1012-AA13)

Dear Mr. Southall:

On May 20, 2014, the Office of Natural Resources Revenue ("ONRR") issued a Proposed Rule entitled "Consolidated Federal Oil & Gas and Federal & Indian Coal Valuation Reform", which proposes to alter and amend regulations applicable to gas valuation for royalty reporting and payment by oil and gas lessees (and other lessees) on federal lands onshore and on the Outer Continental Shelf ("OCS") (hereinafter referred to as "Proposed Rule"). We appreciate the opportunity to comment on the Proposed Rule because of the significant impact that the Proposed Rule has on all Lessees of oil and gas leases on Federal Lands.

W&T Offshore, Inc. is an independent oil and natural gas producer with operations offshore in the Gulf of Mexico and onshore in the Permian Basin of West Texas. We currently hold working interests in approximately 63 offshore fields in federal and state waters (61 producing and two fields capable of producing). W&T currently has under lease approximately 1.2 million gross acres, including approximately 0.6 million gross acres on the Gulf of Mexico Shelf, approximately 0.5 million gross acres in the deepwater Gulf of Mexico and approximately 50,000 gross acres onshore, primarily in Texas. A substantial majority of our daily production is derived from wells we operate offshore on Federal Leases. For the years 2007-2014, W&T Offshore paid \$848.7 million in royalties to the U.S. Treasury through the ONRR (formerly MMS).

W&T Offshore has independently and jointly worked with industry groups to review the Proposed Rule and as a result fully endorses and supports the comments and concerns outlined by American Petroleum Institute ("API"), Independent Petroleum Association of America ("IPAA"), National Ocean Industries Association ("NOIA") and Council of Petroleum Accounting Societies ("COPAS") in their respective comment letters dated May 8, 2015. As an entity that provides monthly royalty payments to ONRR, we are greatly concerned that while attempting to "offer greater simplicity, certainty, clarity, and consistency in product valuation", a significant amount of complexity has been introduced into the process, effectively reducing or eliminating the previously held view that royalties should be based upon arms-length

transactions. While we concur with all the points raised by API, IPAA, NOIA and COPAS, we are most troubled by the potential imposition of the “default provision” and the unbundling of transportation agreements. We are more than willing to actively work with ONRR in the future to address concerns and modify the Proposed Rule to adequately address the points that have been made in the comment letters.

Thank you for your time and attention.

Sincerely,

A handwritten signature in black ink, appearing to read "Jamie L. Vazquez". The signature is fluid and cursive, with a long horizontal stroke at the end.

Jamie L. Vazquez  
President